

EDUCATIONAL NOTE

ANTI MONEY LAUNDERING AND COMBATING FINANCING OF TERRORISM

An overview of the Prevention of Money Laundering Act (PMLA) and outlines your responsibilities in complying with its provisions

A. Prevention of Money Laundering Act (PMLA / Act):

The PMLA is an Indian law, enacted in 2002 and effective from July 1, 2005, designed to prevent and penalize money laundering. Money laundering is the process of concealing illegally obtained financial assets to make them appear legitimate. This transformation allows funds derived from criminal activities to be used without detection.

Individuals found guilty under this Act can face rigorous imprisonment ranging from three to seven years, along with fines and there is no upper limit for fine. Beyond court-imposed penalties, authorities appointed under the PMLA have the power to provisionally attach properties believed to be "proceeds of crime".

Key participants in the Indian financial market, including stock brokers, depository participants, registrar and transfer agents (RTAs), and National Pension System Points of Presence (NPS-POPs), along with regulatory bodies like SEBI, stock exchanges, depositories, and the Pension Fund Regulatory and Development Authority (PFRDA), are legally required to implement the provisions and requirements of the Act.

B. Requirements from clients in fulfilling obligations under PMLA:

To ensure compliance with PMLA, we kindly request the following from our clients:

- 1. Genuine Account Opening:** Please open accounts in your own name and do not act as a front for others, including relatives, friends, or employers. For example, avoid opening or operating "benami" accounts. Ensure all details provided in your Know Your Client (KYC) form are accurate.
- 2. Legitimate Fund and Security Transfers:** Always transfer funds and securities that you genuinely and beneficially own. All transfers must originate from bank and depository accounts held in your name and be conducted through valid accounts as per regulatory processes.
- 3. Prompt Updates:** Immediately inform Religare Broking Limited (RBL) of any changes in your status, income range, occupation, address, etc.
- 4. Submission of Financial Details:** Submit your source of income and financial details at regular intervals and as required by RBL. Failure to provide such details may lead to investigations by PMLA authorities.

Should you require more details regarding the PMLA, please visit the website of the Financial Intelligence Unit – India at <<http://fiuindia.gov.in>>.

For any clarifications related to PMLA, please email us at <rsl.aml@religare.com>.